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Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 NEA-10 IO-10 ISO-00 AGR-05 AID-05

COME-00 TRSE-00 ERDA-05 CEA-01 CIAE-00 CIEP-01 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04 FEA-01 NSCE-00

SSO-00 USIE-00 INRE-00 /111 R

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USDA/FAS:PFINDLEN
TREASURY:HGALE/EFROST
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NEA/IRN:CNASS
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O R 120036Z NOV 75
FM SECSTATE WASHDC
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INFO AMEMBASSY TEHRAN
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ROME FOR FODAG

E.O. 11652: N/A
TAGS: EAGR,. 85, FAO
SUBJ: IRANIAN PROPOSAL FOR DEVELOPMENT FUND

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1. DEPARTMENT APPRECIATES REPORT CONCERNING MINISTER RUHANI'S STATEMENT ON PROPOSED DEVELOPMENT FUND AND COMMENT ON POTENTIAL IMPLICATIONS FOR IFAD.

2. FYI: CURRENT STATUS OF SHAH'S PROPOSALS TO OPEC FOR A FUND FOR DEVELOPING COUNTRIES CONTRIBUTED FROM A CHARGE OF TEN CENTS PER BARREL OF OIL SOLD IS AMBIGUOUS, ALTHOUGH WE UNDERSTAND IT IS STILL UNDER ACTIVE CONSIDERATION BY OPEC MEMBERS. THIS PROPOSAL FIRST SURFACED PRIOR TO SEPTEMBER OPEC MEETING THAT DECIDED ON NEW OIL PRICE INCREASES. WHILE IT SEEMS LIKELY THAT SHAH WOULD FOLLOW-THROUGH WITH CREATION OF SUCH A FUND, PROPOSAL WAS VIEWED BY SOME AS TACTICAL PLOY BY IRAN TO PLACATE NON-OIL PODUCING LDCS FOR RELATIVELY LARGE PRICE INCREASE FAVORED BY IRAN. WE UNDERSTAND THAT IRANIAN PROPOSAL AS WELL AS NEW VENEZUELAN-PROPOSED AID FUND ARE NOW BEING REVIEWED AT THE TECHNICAL LEVEL WITHIN OPEC.

3. MINISTER RUHANIMAY HAVE RESURFACED IDEA TO HELP SOLIDIFY OPEC-LDC ALLIANCE IN FAO CONFERENCE PRIOR TO PRODUCER-CONSUMER CONFERENCE TO DEMONSTRATE OPEC AWARENESS OF FOOD PROBLEMS FACING SOME LDCS. THUS, IT IS NOT CLEAR WHETHER IRAN VIEWS THIS PROPOSAL SERIOUSLY OR WHETHER AS SIMPLY OMENTARILY USEFUL TACTIC IN PREPARATION FOR NEGOTIATIONS IN OTHER FORA. FURTHERMORE, SUBSTANCE OF PROPOSAL VAGUE ON WHETHER TEN CENTS A BARREL LEVY WOULD FALL ENTIRELY ON OPEC PRODUCERS OR WHETHER PART OR ALL OF LEVY WOULD BE PASSED TO CONSUMERS. END FYI.

4. IN VIEW OF ABOVE, DEPARTMENT BELIEVES USDEL SHOULD REFRAIN FROM PUBLIC COMMENT ON PROPOSAL ON BASIS THAT IT AS YET HAS NO OFFICIAL ENDORSEMENT BY OTHER MAJOR OPEC COUNTRIES. IF ISSUE ARISES, USDEL SHOULD PRIVATELY EXPRESS OUR CONCERN THAT THIS AND SIMILAR PROPOSALS NOT BE AT THE EXPENSE OF SUPPORT OF EXISTING MULTILATERAL DEVELOPMENT ASSISTANCE FRAMEWORK (E.G., WORLD BANK GROUP, REGIONAL DEVELOPMENT BANKS, IFAD) OR OTHER INITIATIVES SUCH AS FOOD SECURITY RESERVES. USDEL MAY ALSO POINT OUT THAT US GRAIN RESERVES PROPOSAL ENVISIONS ASSISTANCE TO LDC FOOD IMPORTERS FOR BUILDING UP THEIR AGREED SHARES OF LIMITED OFFICIAL USE

OVERALL RESERVE THROUGH FOOD AID OR FINANCIAL SUPPORT, SUCH AS OPEC MEMBERS MIGHT PROVIDE.

5. IN ADDITION, TO MAKE ABOVE POINT EXPLICIT, CONCERNED WASHINGTON AGENCIES SUGGEST ADDING TO SECTION ON IFAD IN SECRETARY BUTZ' SPEECH TO FAO CONFERENCE AS FOLLOWS: "THIS FUND APPEARS TO HAVE GREAT PROMISE AS ONE OF THE MAJOR INITIATIVES STEMMING FROM THE WORLD FOOD CONFERENCE, AND

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WE TRUST THAT ALL MEMBERS OF FAO IN A POSITION TO DO SO
WILL SOON MAKE CONCRETE PLEDGES TO IFAD SO THAT THE TARGET
FIGURE OF ONE BILLION DOLLARS CAN BE ACHIEVED." INGERSOLL

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